

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1453 – HB 1558

April 6, 2014

SUMMARY OF ORIGINAL BILL: Deletes obsolete language that requires the Basic Education Program (BEP) Review Committee to determine whether teachers who teach English as a second language (ESL) should be included in the BEP funding formula.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (015975): Adds a new section to the original bill. Reduces, in FY14-15, the accumulated fund balance required by Tenn. Code Ann. § 49-3-352 to at least one and one-half percent of local education agencies' (LEAs) budgeted operating expenses. Authorizes accumulated fund balances which contain total amounts in excess of one and one-half percent of LEAs' budgeted operating expenditures to be expended in accordance with Tenn. Code Ann. § 49-3-352(c). Beginning in FY15-16, LEAs that use funding from their accumulated fund balances in accordance with the above provisions must begin to restore funding to them by at least 0.5 percent each fiscal year, until each LEA's accumulated fund balance is at least three percent of their budgeted annual operating expenses.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Other Fiscal Impact – LEAs may expend more funding from their accumulated fund balances in FY2014-2015, FY2015-2016 and FY2016-2017. Any increase in local expenditures in the fiscal years above will be permissive and are estimated to exceed \$1,000,000 statewide. Such expenditures would be included in the LEA's maintenance of effort for future fiscal years. Beginning in FY15-16, any LEAs that spent money from their accumulated fund balances in accordance with this bill, as amended, must begin restoring funding back to their accumulated fund balances.

Assumptions for the bill as amended:

- The total amount of funding that is contained within LEAs' accumulated fund balances statewide is unknown.
- LEAs will not be required to expend funding from their accumulated fund balances as a result of this bill, as amended.

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- Funding from the accumulated fund balances may be used by LEAs for recurring or non-recurring expenditures.
- No change in the Basic Education Program (BEP) funding formula.
- No fiscal impact on state expenditures.
- Any LEA increasing local expenditures from a fund balance as authorized by this bill will include such expenditure in its maintenance of effort for future fiscal years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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